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**EAST CARROLL PARISH HOSPITAL SERVICE DISTRICT, DDA  
EAST CARROLL PARISH HOSPITAL**

**AUDITED FINANCIAL STATEMENTS,  
SUPPLEMENTARY DATA AND AUDITORS'  
REPORTS ON INTERNAL CONTROLS  
AND COMPLIANCE**

**MAY 31, 1997 AND DECEMBER 31, 1996**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date Jan. 24 1997

STATE OF LOUISIANA  
LEGISLATIVE AUDITOR  
OFFICE OF THE LEGISLATIVE AUDITOR  
STATE HOUSE  
MONROE, LOUISIANA 70131

**EAST CARROLL PARISH HOSPITAL SERVICE DISTRICT, DBA  
EAST CARROLL PARISH HOSPITAL**

**AUDITED FINANCIAL STATEMENTS,  
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**MAY 31, 1997 AND DECEMBER 31, 1996**

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# Smith, Turner & Reeves

AN INDEPENDENT ACCOUNTING FIRM  
A MEMBER OF THE SMITH, TURNER & REEVES ORGANIZATION

Board of Commissioners  
East Carroll Parish Hospital Service District, dba  
East Carroll Parish Hospital  
Lake Providence, Louisiana

## Independent Auditor's Report

We have audited the accompanying Balance Sheets - Unrestricted Funds of East Carroll Parish Hospital Service District, dba East Carroll Parish Hospital, (the Hospital) as of May 31, 1997 and December 31, 1996, and the related Statements of Operations - Unrestricted Funds, Changes in Fund Balance - Unrestricted and Cash Flows - Unrestricted Funds for the five months and year then ended, respectively. These financial statements are the responsibility of the Hospital's Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Carroll Parish Hospital Service District, dba East Carroll Parish Hospital, as of May 31, 1997 and December 31, 1996, and the results of its operations and its cash flows of unrestricted funds for the five months and year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report on our consideration of the Hospital's internal control structure and a report on its compliance with laws and regulations, both dated July 15, 1997.

*Smith, Turner & Reeves*

Jackson, Mississippi  
July 15, 1997

## FINANCIAL STATEMENTS

**EAST CARROLL PARISH HOSPITAL SERVICE DISTRICT, DBA  
EAST CARROLL PARISH HOSPITAL  
BALANCE SHEETS - UNRESTRICTED FUNDS  
MAY 31, 1997 AND DECEMBER 31, 1996**

	ASSETS	
	1997	1996
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents - Note 2	\$ 501,327	\$ 345,694
Certificates of deposit - Note 2	203,218	189,465
Receivables:		
Patient accounts, net of estimated uncollectibles and contractual adjustments of \$426,600 and \$480,000 in 1997 and 1996, respectively - Note 3	687,841	653,421
Due from third-party payors - Note 4	73,978	845,460
Other	<u>35,062</u>	<u>137,825</u>
Net receivables	796,881	1,636,706
Inventories - Note 5	32,165	51,001
Prepaid expenses	<u>46,250</u>	<u>34,489</u>
<b>TOTAL CURRENT ASSETS</b>	<b>1,617,850</b>	<b>2,388,676</b>
<b>PROPERTY, BUILDINGS AND EQUIPMENT, NET -     Note 6</b>	<b>836,365</b>	<b>794,215</b>
<b>ASSETS LIMITED AS TO USE - Note 7</b>	<b><u>1,388,332</u></b>	<b><u>1,455,922</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,842,547</u></b>	<b><u>\$ 4,438,813</u></b>

See accompanying Notes to Financial Statements.

**LIABILITIES AND FUND BALANCE**

	1997	1996
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term liabilities	\$ 25,000	\$ 22,000
Accounts payable	131,029	162,383
Accrued expenses	<u>322,834</u>	<u>266,746</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>478,863</b>	<b>501,129</b>
<b>LONG-TERM LIABILITIES, EXCLUDING</b>		
<b>CURRENT PORTION - Note E</b>	<b>74,822</b>	<b>84,578</b>
<b>COMMITMENTS - Note I:</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE - UNRESTRICTED</b>	<u><b>3,213,882</b></u>	<u><b>3,762,518</b></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><b>\$ 3,898,667</b></u>	<u><b>\$ 4,438,225</b></u>

**EAST CARROLL PARISH HOSPITAL SERVICE DISTRICT, DBA  
EAST CARROLL PARISH HOSPITAL  
STATEMENTS OF OPERATIONS - UNRESTRICTED FUNDS  
FIVE MONTHS ENDED MAY 31, 1997 AND  
YEAR ENDED DECEMBER 31, 1996**

	<u>1997</u>	<u>1996</u>
NET PATIENT SERVICE REVENUE - Note 3	\$ 1,124,890	\$ 2,800,230
OTHER OPERATING REVENUE - Note 10	<u>77,272</u>	<u>368,148</u>
TOTAL OPERATING REVENUE	1,202,162	3,177,378
OPERATING EXPENSES:		
Salaries and wages	738,880	1,870,189
Supplies and other	630,134	1,365,074
Employee benefits	122,467	248,491
Depreciation	55,751	72,801
Provision for bad debts, net	168,787	410,641
Interest	<u>1,689</u>	<u>2,648</u>
TOTAL OPERATING EXPENSES	<u>1,627,607</u>	<u>3,386,844</u>
INCOME (LOSS) FROM OPERATIONS	(425,445)	(489,776)
NONOPERATING INCOME (EXPENSE):		
Interest income	38,874	118,273
Physician grant	-	50,800
Rental income	8,750	16,800
Gain (Loss) on sale of investments	<u>844</u>	<u>(821)</u>
	<u>48,468</u>	<u>184,252</u>
EXCESS OF REVENUE OVER (UNDER) EXPENSES	<u>\$ (448,260)</u>	<u>\$ (279,274)</u>

See accompanying Notes to Financial Statements.



**EAST CARROLL PARISH HOSPITAL SERVICE DISTRICT, DBA**  
**EAST CARROLL PARISH HOSPITAL**  
**STATEMENTS OF CHANGES IN FUND BALANCE - UNRESTRICTED**  
**FIVE MONTHS ENDED MAY 31, 1997 AND**  
**YEAR ENDED DECEMBER 31, 1996**

	<u>1997</u>	<u>1996</u>
FUND BALANCE, BEGINNING OF YEAR	\$ 3,762,518	\$ 3,966,868
EXCESS OF REVENUE OVER (UNDER) EXPENSES	648,636	(225,574)
DEDUCTED ASSETS - Note 6	<u>          -</u>	<u>      21,724</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,411,154</u>	<u>\$ 3,762,518</u>

See accompanying Notes to Financial Statements.

## STATEMENTS OF CASH FLOWS - UNRESTRICTED FUNDS (CONTINUED)

	<u>1997</u>	<u>1996</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 155,633	\$ 73,413
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>345,694</u>	<u>312,281</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 501,327</u>	<u>\$ 385,694</u>

See accompanying Notes to Financial Statements.

**EAST CARROLL PARISH HOSPITAL SERVICE DISTRICT, DBA  
EAST CARROLL PARISH HOSPITAL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Entity**

East Carroll Parish Hospital Service District, dba East Carroll Parish Hospital, (the Hospital) is a governmental acute care hospital located in Lake Providence, Louisiana. It was created by the East Carroll Parish Police Jury. The Police Jury appoints the Board of Commissioners of the Hospital. The Hospital is considered a political subdivision of the State of Louisiana and a component unit of East Carroll Parish.

The Hospital has changed its fiscal year during the current period from December 31 to May 31, and, thus, the accompanying 1997 financial statements include five months of operations.

**Net Patient Service Revenue**

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. There is a reasonable possibility that the future retroactive adjustments, when finalized, could be materially different from the amounts accrued.

**Inventories**

Inventories are stated at the lower of cost (FIFO or, first-out method) or market.

**Property, Buildings and Equipment**

Property, buildings and equipment are stated at cost. Donated property, buildings and equipment are recorded at fair market value at the date of donation, which then is treated as cost. The cost of additions and improvements, which substantially extend the useful life of a particular asset, is capitalized. Expenditures for maintenance and repairs are charged to expenses.

Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed on the straight-line method. Equipment under capital leases is amortized on the

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation in the accompanying financial statements.

**Proprietary Fund Accounting**

The Hospital uses the proprietary fund method of accounting, whereby revenues and expenses are recognized on the accrual basis. Substantially all revenues and expenses are subject to accrual.

**Federal and State Income Taxes**

As a political subdivision of the State of Louisiana, the Hospital is exempt from federal and state income taxes.

**Donor Restricted Funds**

The Hospital reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted fund balances is reclassified as unrestricted fund balances. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions.

The Hospital reports gifts of property and equipment (or other long-lived assets) as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Hospital reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. There were no donor restricted fund balances at May 31, 1993 or December 31, 1996.

**Risk Management**

The Hospital is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in recent years. The Hospital is insured for medical malpractice claims and judgments as discussed in Note 9.

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

**Accounting Standards**

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 26, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989.

**Deposits and Investments**

It is the Hospital's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance.

Investing is performed in accordance with investment policies complying with state statutes. Funds may be invested in (1) direct obligations of the United States Government pledged by its full faith and credit; (2) certificates of deposit at savings and loan associations and federally insured banks when secured by acceptable collateral and (3) savings accounts at savings and loan associations and banks to the extent fully insured.

**Cash and Cash Equivalents**

Cash and cash equivalents include investments in highly liquid investment instruments purchased with an original maturity of three months or less.

**Investments in Debt and Equity Securities**

Trading securities, if any, which include any security held primarily for near-term sale, are carried at fair value. Gains and losses on trading securities, both realized and unrealized, are included in nonoperating income.

Available-for-sale securities, which include any security for which the Hospital has no immediate plan to sell but which may be sold in the future, are carried at fair value. Realized gains and losses, based on the specific identification method, are included in nonoperating income. Unrealized gains and losses are recorded in fund balance. Premiums and discounts are

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

amortized and accreted, respectively, to interest income using the interest method over the period to maturity.

Hold-to-maturity securities, which include any debt security for which the Hospital has the positive intent and ability to hold until maturity, are carried at historical cost adjusted for amortization of premiums and accretion of discounts. Premiums and discounts are amortized and accreted, respectively, to interest income using the interest method over the period to maturity.

Interest and dividends on investments in debt and equity securities are included in nonoperating income when earned.

**Reclassification**

Reclassification of certain 1996 balances have been made to conform to 1997 financial statement presentation.

**NOTE 2 - CASH AND OTHER DEPOSITS**

For financial statement purposes, cash and other deposits consist of demand accounts, insured savings accounts and certificates of deposit.

At May 31, 1997 and December 31, 1996, the Hospital had bank balances as follows:

	1997	1996
Insured (FDIC)	\$ 712,836	\$ 313,846
Collateralized by securities held by the pledging financial institution's Trust Department in the Hospital's name	155,268	138,803
Total depository balance	<u>\$ 868,104</u>	<u>\$ 452,649</u>
Carrying value	<u>\$ 704,342</u>	<u>\$ 446,129</u>

**NOTE 3 - NET PATIENT SERVICE REVENUE**

The Hospital grants credit to its patients, most of whom are local residents and are insured under third-party payer agreements. The Hospital has agreements with certain third-party payors that provide for reimbursement to the Hospital at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors follows:

- **Medicare** - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient emergency services, certain outpatient services and deferred capital costs related to Medicare beneficiaries are paid based upon a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by the Hospital and audits by the Medicare fiscal intermediary.
- **Medicaid** - Inpatient services rendered to Medicaid program beneficiaries are reimbursed at a prospectively determined per diem rate. Outpatient services are reimbursed at a percentage of cost, with final settlement determined after the submission of annual cost reports by the Hospital and audits by the Medicaid fiscal intermediary.

A summary of gross and net patient service revenue follows:

	1997	1996
Gross patient service revenue	\$ 1,414,498	\$ 1,414,364
Less provisions for contractual adjustments under third-party reimbursement programs, net of disproportionate share payment of \$159,335 and \$44,806 for 1997 and 1996, respectively	(105,380)	(60,010)
Net patient service revenue	<u>\$ 1,324,999</u>	<u>\$ 1,287,339</u>
Percentage of gross	<u>94%</u>	<u>92%</u>

NOTE 3 - NET PATIENT SERVICE REVENUE (CONTINUED)

A summary of gross revenue from patient services rendered under contract with major third-party payors follows:

	1997		1996	
	Amount	Percent of Total Patient Revenue	Amount	Percent of Total Patient Revenue
Medicare	\$ 461,777	32.2	\$ 1,491,557	43.6
Medicaid	<u>491,865</u>	34.4	<u>982,382</u>	28.8
	<u>\$ 953,642</u>	66.6	<u>\$ 2,473,939</u>	72.4

NOTE 4 - DUE FROM THIRD-PARTY PAYORS

In February 1997, the Hospital received approximately \$796,000 from the Louisiana Medicaid Program related to cost reports filed for years spanning from 1990 to 1995.

A summary of amounts due from third-party payors follows:

	1997	1996
Due from Medicare Program, net	\$ 58,857	\$ 68,436
Due from Louisiana Medicaid Program, net	<u>33,111</u>	<u>327,674</u>
	<u>\$ 91,968</u>	<u>\$ 396,110</u>
Provision for future third-party retroactive adjustments (included in accrued expenses)	<u>\$ (207,000)</u>	<u>\$ (472,000)</u>

NOTE 5 - INVENTORIES

A summary of inventories follows:

	1997	1996
Pharmacy	\$ 48,152	\$ 32,515
General supplies	<u>24,013</u>	<u>18,158</u>
	<u>\$ 72,165</u>	<u>\$ 50,673</u>



## NOTE 6 - PROPERTY, BUILDINGS AND EQUIPMENT

A summary of property, buildings and equipment follows:

	1997	1996
Land	\$ 21,000	\$ 21,000
Buildings and improvements	882,565	882,565
Equipment	649,236	653,529
Transportation equipment	153,041	147,241
Other	153,688	149,223
	<u>1,859,530</u>	<u>1,853,558</u>
Less accumulated depreciation	<u>(1,300,506)</u>	<u>(1,238,756)</u>
	549,024	614,802
Construction in progress	<u>387,241</u>	<u>235,413</u>
	<u>\$ 936,265</u>	<u>\$ 784,217</u>

Also included in property, buildings and equipment is equipment donated in 1996 by Dr. Paris, an employee of the Hospital, with a fair market value of \$21,238.

## NOTE 7 - ASSETS LIMITED AS TO USE

Assets limited as to use included investments in insured savings accounts and debt securities which are held by the Hospital or its agent in the Hospital's name. The use of these funds are internally restricted by the Board until certain conditions from prior year cost reports are resolved.

The amortized cost and approximate fair value of held-to-maturity securities comprising the balance of assets limited as to use are as follows:

	May 31, 1997			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses	Approximate Fair Value
U. S. Treasury notes	\$ 1,264,932	\$ -	\$ (8,726)	\$ 1,256,206
Savings account with bank	<u>121,780</u>	<u>-</u>	<u>-</u>	<u>121,780</u>
	<u>\$ 1,386,712</u>	<u>\$ -</u>	<u>\$ (8,726)</u>	<u>\$ 1,378,086</u>

## NOTE 7 - ASSETS LIMITED AS TO USE (CONTINUED)

	December 31, 1996			Approximate Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
U. S. Treasury notes	\$ 1,406,324	\$ -	\$ (2,835)	\$ 1,403,489
Savings account with bank	<u>45,005</u>	<u>-</u>	<u>-</u>	<u>45,005</u>
	<u>\$ 1,451,329</u>	<u>\$ -</u>	<u>\$ (2,835)</u>	<u>\$ 1,448,494</u>

	Amortized Cost	Approximate Fair Value
Maturities of held-to-maturity securities at May 31, 1997:		
One year or less	\$ 345,528	\$ 345,954
After one through five years	<u>1,081,032</u>	<u>1,051,872</u>
	<u>\$ 1,386,560</u>	<u>\$ 1,377,826</u>

## NOTE 8 - LONG-TERM LIABILITIES

	1997	1996
Note payable to Dr. Paris, an employee, at 4%, payable in monthly installments of \$2,218, including principal and interest, unamortized, final payment due May 2001.	\$ 97,832	\$ 107,178
Less current portion	<u>(25,000)</u>	<u>(22,000)</u>
	<u>\$ 72,832</u>	<u>\$ 85,178</u>

**NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)**

Annual maturities of long-term liabilities follow:

1988	\$	23,088
1989		23,963
2000		24,938
2004		<u>25,932</u>
	\$	<u>\$ 97,921</u>

Interest expense paid (cash basis) was \$1,694 and \$2,648 for 1987 and 1986, respectively.

**NOTE 9 - MALPRACTICE INSURANCE**

The Hospital's malpractice insurance coverage is a claims-made policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured. Claims may be asserted against the Hospital arising from services provided to patients through May 31, 1997, in excess of insurance policy limits. No amounts have been accrued for potential claims in excess of insurance coverage, since the Hospital has never incurred and does not expect to incur such claims.

**NOTE 10 - OTHER OPERATING REVENUE**

Other operating revenue consists of:

	1987	1986
Parish subsidy	\$ 34,946	\$ 292,366
Emergency Room grant	25,800	50,714
Ambulance memberships	6,355	10,810
Sale of meals	3,728	6,892
Other revenue	<u>6,250</u>	<u>8,960</u>
	\$ <u>77,079</u>	\$ <u>369,742</u>

The parish subsidy represents property taxes collected for the benefit of the Hospital. Use of the subsidy is unrestricted.

NOTE 11 - SUBSEQUENT EVENTS

Subsequent to year end, the Hospital opened an eight bed Senior Care Unit (the SCU). The SCU will provide psychiatric treatment programs for geriatric patients.

NOTE 12 - COMMITMENTS

The Hospital has entered into an agreement for management services related to the Senior Care Unit. The agreement expires in 2002. The following is a schedule by year of payments due for management services to be paid from revenues generated from the new service:

1998	\$ 968,000
1999	908,000
2000	848,000
2001	848,000
2002	848,000

## SUPPLEMENTARY DATA

# Smith, Turner & Reeves

A PROFESSIONAL CORPORATION  
INCORPORATED IN THE STATE OF MISSISSIPPI

Board of Commissioners  
East Carroll Parish Hospital Service District, also  
East Carroll Parish Hospital  
Lake Providence, Louisiana

## Independent Auditors' Report on Supplementary Data

The audited financial statements of East Carroll Parish Hospital Service District, also East Carroll Parish Hospital as of and for the five months period ended May 31, 1997, and year ended December 31, 1996, and our report thereon dated July 15, 1997, are presented in the preceding sections of this report. Our audits were made for the purpose of forming our opinion on the financial statements taken as a whole.

Supplementary data Schedules 1 through 4 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Smith, Turner & Reeves*

Jackson, Mississippi  
July 15, 1997

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EAST CARROLL PARISH HOSPITAL SERVICE DISTRICT, DBA  
EAST CARROLL PARISH HOSPITAL

GROSS PATIENT SERVICE REVENUE BY DEPARTMENT

FIVE MONTHS ENDED MAY 31, 1997 AND

YEAR ENDED DECEMBER 31, 1996

	<u>Five Months Ended May 31, 1997</u>		
	<u>Insights</u>	<u>Outpatient</u>	<u>Total</u>
<b>ROUTINE SERVICES:</b>			
Hospital	\$ 60,342	\$ -	\$ 60,342
<b>ANCILLARY SERVICES:</b>			
Radiology	13,439	88,151	101,590
Laboratory	43,344	125,242	168,586
Respiratory therapy	35,588	3,336	41,891
Electrocardiology	4,348	13,426	17,774
Central supply	59,738	89,705	149,443
Pharmacy	53,740	33,853	87,593
Emergency Room	-	213,200	213,200
Ambulance	-	338,127	338,127
Chic	-	241,532	241,532
	<u>239,388</u>	<u>1,138,732</u>	<u>1,378,120</u>
	<u>\$ 298,776</u>	<u>\$ 1,138,732</u>	<u>\$ 1,437,508</u>
Percentage of total	20%	80%	100%



Year Ended December 31, 1996		
Liquidator	Contributor	Total
\$ 217,107	\$ -	\$ 217,107
45,131	177,668	182,800
226,382	226,680	453,062
129,137	7,646	136,783
17,689	24,785	41,874
384,322	147,518	531,840
256,111	84,827	340,938
-	384,810	384,810
-	808,715	808,715
-	318,420	318,420
<u>1,858,132</u>	<u>2,841,085</u>	<u>3,199,217</u>
<u>\$ 1,275,279</u>	<u>\$ 2,141,085</u>	<u>\$ 3,416,364</u>
27%	65%	100%

**EAST CARROLL PARISH HOSPITAL SERVICE DISTRICT, DBA  
EAST CARROLL PARISH HOSPITAL**

**DEPARTMENTAL EXPENSES**

**FIVE MONTHS ENDED MAY 31, 1997  
YEAR ENDED DECEMBER 31, 1996**

	Five Months Ended May 31, 1997		Total
	Salaries and Wages	Supplies and Other Expenses	
<b>ROUTINE SERVICES:</b>			
Hospital	\$ 224,448	\$ 14,230	\$ 238,678
<b>ANCILLARY SERVICES:</b>			
Radiology	18,842	12,125	30,967
Laboratory	36,710	56,196	92,906
Respiratory therapy	-	3,531	3,531
Electrocardiology	-	4,825	4,825
Central supply	-	18,716	18,716
Pharmacy	6,523	15,057	21,580
Emergency Room	-	238,822	238,822
Ambulance	143,825	41,853	185,678
Clinic	<u>391,345</u>	<u>436,713</u>	<u>828,058</u>
<b>OTHER DEPARTMENTS:</b>			
General and administrative	58,168	119,848	178,016
Dietary	16,168	17,241	33,509
Environmental services and plant operations	48,875	41,455	90,330
Medical records	<u>2,824</u>	<u>547</u>	<u>3,371</u>
	<u><u>123,835</u></u>	<u><u>179,151</u></u>	<u><u>302,986</u></u>
	<u>\$ 718,890</u>	<u>\$ 670,124</u>	<u>\$ 1,389,014</u>

<u>Year Ended December 31, 1996</u>		
<u>Salaries and Wages</u>	<u>Supplies and Other Expenses</u>	<u>Total</u>
\$ 572,192	\$ 40,729	\$ 612,921
41,892	33,384	75,276
96,969	119,387	216,356
-	8,873	8,873
-	8,810	8,810
-	33,618	33,618
15,804	73,587	89,391
-	989,345	989,345
339,613	66,692	406,305
<u>314,558</u>	<u>24,734</u>	<u>339,292</u>
827,936	359,739	1,187,675
139,249	225,599	364,848
43,179	36,294	79,473
89,975	182,486	272,461
<u>18,566</u>	<u>242</u>	<u>18,808</u>
<u>390,940</u>	<u>364,619</u>	<u>755,559</u>
<u>\$ 1,699,109</u>	<u>\$ 1,169,824</u>	<u>\$ 2,868,933</u>

**EAST CARROLL PARISH HOSPITAL SERVICE DISTRICT, DBA  
EAST CARROLL PARISH HOSPITAL  
DEPARTMENTAL REVENUE AND EXPENSES  
FIVE MONTHS ENDED MAY 31, 1997 AND  
YEAR ENDED DECEMBER 31, 1996**

	<u>Five Months Ended May 31, 1997</u>			
	<u>Gross Revenue</u>		<u>Expenses</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>ROUTINE SERVICES:</b>				
Hospital	\$ 60,343	4.2	\$ 258,678	14.1
<b>ANCILLARY SERVICES:</b>				
Radiology	141,599	7.1	30,797	1.8
Laboratory	188,788	11.8	92,086	5.3
Respiratory Therapy	41,061	2.9	3,591	.2
Electrocardiology	17,714	1.3	4,835	.3
Central supply	190,483	11.2	18,716	1.1
Pharmacy	87,583	6.1	31,580	1.8
Emergency Room	213,280	14.9	208,827	14.1
Ambulance	338,127	23.6	183,458	10.9
Clinic	<u>241,332</u>	<u>16.5</u>	<u>231,433</u>	<u>13.6</u>
	1,370,156	93.8	828,898	48.8
<b>OTHER DEPARTMENTS</b>	-	-	300,226	17.8
<b>EMPLOYEE BENEFITS</b>	-	-	122,467	7.3
<b>DEPRECIATION</b>	-	-	35,251	2.1
<b>BAD DEBTS</b>	-	-	188,267	9.9
<b>INTEREST</b>	<u>-</u>	<u>-</u>	<u>1,628</u>	<u>.1</u>
	<u>\$1,438,498</u>	<u>100.0</u>	<u>\$1,682,672</u>	<u>100.0</u>

Year Ended December 31, 1996			
Gross Revenue		Expenses	
Amount	Percent	Amount	Percent
\$ 217,187	6.4	\$ 612,917	17.1
182,880	5.3	75,678	2.2
453,683	13.3	315,484	8.0
136,783	4.0	8,673	.3
41,834	1.2	9,918	.3
531,838	15.5	35,618	.9
340,948	10.0	89,371	2.5
384,810	11.3	389,945	10.9
808,715	23.7	486,185	13.3
<u>318,436</u>	<u>9.3</u>	<u>389,332</u>	<u>10.8</u>
3,199,257	93.6	1,887,666	44.5
-	-	654,668	18.3
-	-	345,484	9.8
-	-	72,831	2.0
-	-	410,641	11.4
-	-	<u>2,648</u>	<u>.1</u>
<u>\$ 3,416,364</u>	<u>100.0</u>	<u>\$ 3,386,821</u>	<u>100.0</u>

**EAST CARROLL PARISH HOSPITAL SERVICE DISTRICT, DBA  
EAST CARROLL PARISH HOSPITAL  
SURETY BONDS  
FIVE MONTHS ENDED MAY 31, 1997**

Name	Position	Surety
Richard Howard	Board	Executive Risk Indemnity, Inc.
Daniel Turval	Board	Executive Risk Indemnity, Inc.
Floora Watson	Board	Executive Risk Indemnity, Inc.
James Jackson	Board	Executive Risk Indemnity, Inc.
Don W. Bailey, M.D.	Board	Executive Risk Indemnity, Inc.
LaDonna English	Administrator	Executive Risk Indemnity, Inc.
Public Employees Market Bond	All Employees	EMC Insurance Companies

Executive Risk Indemnity, Inc. has a maximum limit of liability of \$1,000,000.

EMC Insurance Companies has a maximum limit of liability of \$100,000.

Board of Commissioners  
East Carroll Parish Hospital Service District, dba  
East Carroll Parish Hospital  
Lake Providence, Louisiana

**Independent Auditors' Report on  
Internal Control Structure Based on an  
Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards**

We have audited the financial statements of East Carroll Parish Hospital Service District, dba East Carroll Parish Hospital (the Hospital) as of and for the five month period ended May 31, 1987, and have issued our report thereon dated July 15, 1987.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The Management of the Hospital is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by Management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide Management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with Management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the level of costs of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Hospital for the five month period ended May 31, 1987, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of

relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

We noted certain matters involving the internal control structure and its operation that we have reported to Management of the Hospital in a separate letter dated March 28, 1987.

This report is intended for the information of the Board of Commissioners, Management and the Office of the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

*Smith, Turner & Reeves*

Jackson, Mississippi  
July 15, 1987



Board of Commissioners  
East Carroll Parish Hospital Service District, dba  
East Carroll Parish Hospital  
Lake Providence, Louisiana

**Independent Auditors' Compliance Report  
Based on an Audit of Financial  
Statements Performed in Accordance with  
Government Auditing Standards**

We have audited the financial statements of East Carroll Parish Hospital Service District, dba East Carroll Parish Hospital (the Hospital) as of and for the five month period ended May 31, 1997, and have issued our report thereon dated July 15, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the Hospital is the responsibility of the Hospital's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Hospital's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Commissioners, Management and the Office of the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

*Smith, Turner & Reeves*

Jackson, Mississippi  
July 15, 1997